

# METRO REPORT

A publication of the New York Metro Region Operations Unit

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Volume 1 Issue 8



## HERE THEY GO AGAIN!!!

### \$1.25 TAX HIKE

CONGRESS CONSIDERS CIGARETTE TAX HIKE OF \$1.25 PER PACK; URGE CUSTOMERS TO TAKE ACTION TO PREVENT LOST SALES!

There is an emergency issue in the U.S. Congress that directly and adversely affects our business. We need your help to organize an immediate response.

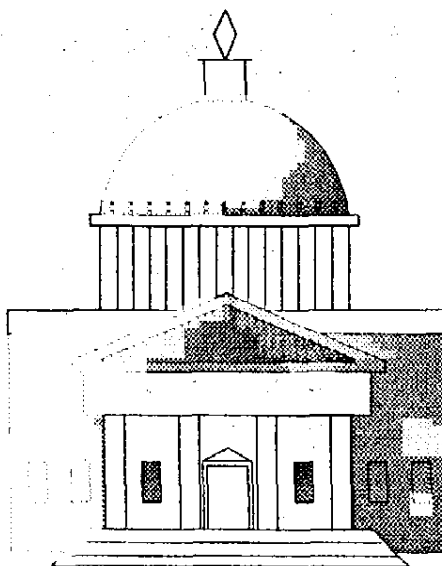
As you may know, a subcommittee in the U.S. House of Representatives has just voted to pass an extreme proposal to raise the federal excise tax on cigarettes by \$1.25 a pack - \$12.50 on every carton.

Such a terrible tax hike would have a devastating affect on tobacco, retail and related industries. It is estimated that cigarette consumption nationwide could fall by as much as one-fifth.

Every sector of the tobacco community would be hit hard by such a large drop in volume. It is a direct threat to thousands of families supported by people with jobs in retail, wholesale and distribution. And that affects jobs in all states.

Please take immediate action to stop this huge new tax! Alert your customers and other close business associates to the situation. Encourage them to call their Congressmen to oppose an increase in the cigarette tax.

Special calls should also be made to House Ways and Means Committee members.



### FET RETAIL POSTER

Public Affairs is printing a two-sided, 11x14-inch, color poster to inform consumers at retail about the loss of jobs that would occur if an FET increase is passed. The names of the Congressional Representatives that smokers and others should write or call to oppose the FET increase can be hand written on the poster. To find out who your elected officials are, call: 1-800-STOP-FET.

Each sales representative will be receiving 1 sku (packed 50 sheets per sku) by mid-April. Your DM will notify you when the posters have arrived.

If you have any questions contact your DM.

*This above all:  
to thine own self be true,  
And it must follow,  
as the night the day,  
Thou canst not then be false  
to any man.*

*...Shakespeare*

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**RJR CO-MARKETING****PROMOTIONAL ACCRUAL PROGRAM****CO-MARKETING  
RETAILER AGREEMENT FORM**

Please note the following master copy of the Co-Marketing Promotion Accrual Retailer Agreement Form to the right. A 3-part carbon form will be available to include an RJR employee copy, a retailer copy and an RJR office copy, similar to our current merchandising contracts. Anticipated availability date of the 3-part form is mid-April. Each Co-Marketing promotion should be supported through the use of the Agreement Form with the participating retailer.

The purpose of the Co-Marketing Retailer Agreement Form is basically two-fold:

1. It provides you a hard copy document as reference to each Co-Marketing promotion. You may wish to utilize the back to write in any additional comments relating to the success or implementation of the program.
2. It serves as backup to the draft written for reimbursement of a specific Co-Marketing promotion along with any additional information you secure from the chain you deem necessary for payment. Since the Agreement Form is utilized as payment backup, it is necessary to return the RJR office copy to the ROU as you would contract copies. The insertion of the draft or voucher # will signal the completion of the program.

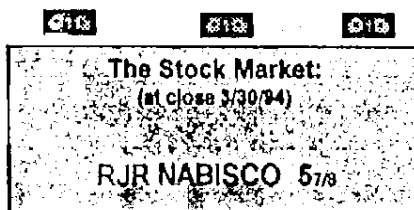
To assist in the administration of the Co-Marketing Promotion Accrual Program, a field organizer is currently under development to provide collation of live and

<b>RJR CO-MARKETING PROMOTIONAL ACCRUAL PROGRAM</b>		Retailer Agreement Form
Retailer/Chain Name: _____	S.I.S./Chain I.D. Number: _____	
RJR Representative: _____	Div./Terr. Name & #: _____	
Promotion Cycle Dates: _____	Promotion Type: _____	
RJR Brand Family/Styles: _____		
Retailer agrees to provide the following promotion requirements: _____		
_____		
_____		
RJR agrees to provide the following promotion requirements: _____		
_____		
_____		
Product pricing decisions remain the right and responsibility of the participating retailer.		
If advertising/promotional materials are utilized, retailer may use RJR supplied materials. If retailer utilizes its own, retailer is responsible for meeting all legal requirements.		
Reimbursement may not occur if promotional requirements, as stated above, are not fully executed.		
RJR total liability is limited to co-marketing promotion accrual "fund balance" only.		
If "fund balance" is exceeded, the amount which exceeds the "fund balance" will be the responsibility of the retailer.		
Promotional costs will be paid from co-marketing promotion accrual as soon as practicable following successful completion of promotion.		
_____ Retailer Signature/Date	_____ Final Total Promotional Cost	_____ RJR Draft/Voucher #
_____ RJR Signature/Date	_____ RJR Reimbursement Amount	
RJR Employee Copy		

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signed contracts, point of sale availability, agreement forms and accrual statement. We will advise you of availability in the near future. Good luck in your Co-Marketing efforts!

If you have any questions please contact your DM or the ROU.

**BIG SCORE!!!**

The 17 high volume King's Supermarkets will soon have an exclusive RJR Express Checklane Display in all stores—thanks to SAM Charlie DiBenedetto.

**Well Done Charlie!**

# THE NEW 'WINNER'S': RJR FOCUS

1994 Direct Account Program Comparison  
RJR FOCUS vs. Philip Morris Wholesale Masters

Category	RJR FOCUS	Philip Morris Wholesale Masters
Program Inception Dates	May 2, 1994	April 1, 1994
Payout Objectives	Based on individual account's share of market. 2nd Quarter share objective does not increase.	Based on section share objectives plus 3 points.. Account's 1st Program Period share achievement is 2nd Program Period base.
Payment Plans	2 Basic Plans: "A" weekly reporting via computer tape or disk. "B" monthly reporting via computer or manual.	One plan. Weekly computer reporting only.
Reporting Method (data)	Computer or manual	Computer only
Program Payment Limitations	No payment if ending share is lower than beginning share. Plan "A" participants receive payment for information.	Payment for up to 9 points below section share target. No payment for those accounts 9.1 points below target.
Maximum Per Carton Payments	Plan "A": Full Price \$.24/Savings \$.14 Plan "B": Full Price \$.20/Savings \$.11	Full Price \$.21/Mid Price \$.145/Low Price \$.124 Reduced payment for "Low Price" Brands.
Program Payments	Payment based on all sales including Sales Rep's pickup sub jobbers, vendors, employee sales, etc.	Payment based on qualified retail sales only.
Per Case Payment Calculation	Per case payment based on full price list cost per case.	Case payments list price less terms, EPP, off invoice allowances Electronic Funds Transfer Allowance and Federal Excise Tax
Returned Goods Deduction	No deduction made for goods returned.	All goods returned factored out of Program. PM's Sales Force to discontinue picking up unsaleables at store level.
Distribution Requirements	Account must place all new brands in distribution. Account must treat RJR Brands at parity with competition.	Account must take all new brands. Must retain all PM Brands with a .25% section share. PM Brand and Program must be treated at parity with competition.
Account Inventory requirement	Semi-annual	Quarterly
Payment Timing	Semi-annual	Quarterly

## Key Points

- RJR's payment discount is based on individual account share performance vs. area.
- All levels of direct accounts can participate under the RJR Program....those customers that are computerized or those customers that can only report manually. Flexibility of weekly or monthly reporting.
- RJR's case payments based on full list price with no deductions.
- The RJR Program does not penalize an account for returned goods.
- RJR makes a payout on two levels.... Full Price and Savings. There is no reduction in payment for Low Cost or Private Label Brands.

## Partnership = Shared Success



From the Desk of Nick Kuruc

During the past few weeks I have tried to emphasize the importance of Chains to our overall business, using facts and figures to support this argument. I have also attempted to give you key suggestions regarding making a proper chain call.

Today, I'd like to take the time to thank each and every one of you for your efforts:

• **WINSTON Select** out of stocks have been significantly reduced in each of your assignments. The brand can now be found in adequate supply in Path-mark, Shop Rite, Quick Chek, and yes even Grand Union!

• Chain promotion vehicles have been plan-o-grammed to highlight **Select, DORAL, and MONARCH**. Not only are these brands positioned, and advertised, but they are priced in each of their display areas. This plan-o-gram not only provides uniformity, and clarity in pricing, but also to kes the pressure off each of you to provide promotions in huge dump bin displays at a time when the number of offers has been reduced.

• Recent store surveys made indicate that more attention is being given to be sure that our merchandisers are clean and presentable to our customers.

I could go on, but I think you get my point.

Again, thank you for a job well done, and keep up the good work.

It's sincerely appreciated!



### From the Region Manager...

As we rush through 1994, we often don't take the time to stop and take a look at the many accomplishments that everyone has achieved.

Beginning next month, we're going to take the time to recognize these accomplishments on a monthly basis. A new section will be added to the Metro Report: "The Accomplishment of the Month".

If you've done something that is unique to building our business, or just a store that looks great for RJR, then provide your DM with the following:

- Store Name and Volume
- Describe Your Accomplishment
- Take a 35mm Photo

The only question remaining is . . . who will be the first to be featured?

Mark Young

### GRIN AND BEAR IT



"In a year or two, when people begin to understand the tax form, we'll change it."

### CO-MARKETING ACCRUAL

#### Implementation of Pricing Provisions:

•Very Simple— must have everyday-low-price for RJR brand that is as low as everyday-low-price of competing brand in store. If not, retailer is not eligible for program benefits. RJR buy-downs are not taken into account in making this determination. Retailer has numerous alternatives — the choices are his.

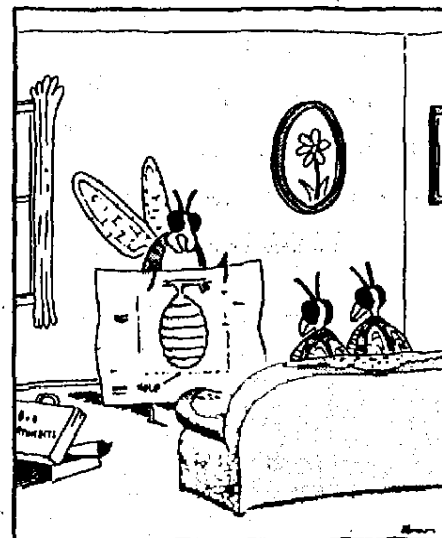
•Pricing of our brands and competitor brands is retailer's decision — not ours. We can suggest pricing for our brands, but we cannot have an agreement with retailer about his selling price for our brand and cannot require him to take our suggestions.

•If competitor brand is at lower price point that RJR brand, do not suggest to retailer that he increase price of competitor's brand to meet program requirements. Suggestions/recommendations about brand pricing should be limited to our brands.

•Administer on a consistent, even-handed basis.

### APRIL 1994 Pick Up Codes

	Retail	Wholesale
Full Price	D <sub>1</sub>	B <sub>1</sub>
Savings	F <sub>1</sub>	D <sub>1</sub>



"Voila! ... Your new dream home! If you like it, I can get a crew mixing wood fibers and saliva as early as tomorrow."

### Lessons in Life from George Washington (part 3 in a series)

**HUMILITY** Washington's military exploits against the French and Indians made him well known when he was still in his 20s.

However, he was acknowledged as the leader of the American cause against the British 20 years later because of the practical economic measures he sponsored...and the judgment he showed as a delegate to the Continental Congress.

After being unanimously chosen as commanding general of the new Continental Army in 1775, Washington left the meeting room, telling Patrick Henry: *From the day I enter upon the command of the American armies, I date my fall and ruin on my reputation.*

Before his first election to the presidency in 1789, he explained his ambition to *live and die on [his] own plantation*. He reluctantly agreed to run for a second term only when it became clear that he was the only person who could hold the country together.

Washington resolutely refused a third term, setting a precedent broken only by Franklin D. Roosevelt and now prohibited by a constitutional amendment.

After he left office in 1797, Washington returned to his beloved Mount Vernon to live the farming life he had always wanted. A constant stream of admirers visited...and each was impressed by the same character traits.

Example: English comedian John Bernard, touring the young United States in 1798, came across an overturned carriage with a woman lying beside it, unconscious, on a rural Virginia road. Bernard saw an elderly man straining to help the woman and free the carriage from the half-ton of luggage burying it.

After they had finished their work, the elderly man invited Bernard to recover at Mount Vernon...and he realized that the savior was George Washington. Bernard was impressed by Washington's thoughtful remarks but even more by his behavior, so different from that of most country gentlemen, who would have servants to help. The former president had pitched in himself.

**Lesson:** Greatness is measured by action, not reputation.